Secrt. Old No. II-37, New No. M-15—75,000—31-1-48.

P.W. (1956.) Department.

Ms. SERIES.

G.O. No. 4256

Dated 11-10-'57

Passed
for
Supdt.
6

FOR MYSORE STATE

[Despatch Abstract.]

Electricity - Mangalore Company Electrical Undertaking Continuance of licensee's rates after vesting date Approved

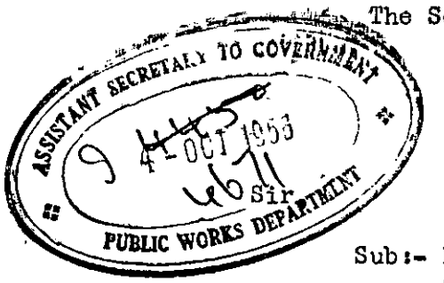
GOVERNMENT ELECTRICITY DEPARTMENT.

From

Sri N.R. Narasimhamurthi, B.Sc., B.E.,
Chief Operation Engineer (South),
157, Mount Road, Madras-2.

To

The Secretary to Government,
Public Works Department,
Madras-9.



No. 4672-E/55-2, dated 27-9-1956.

Sub:- Electricity - Mangalore Electrical Undertaking - Continuance of licensee's tariffs upto 31-12-1956 as a special case - Requested.

Sir

The Mangalore Electrical Undertaking is scheduled to be taken over on 15-10-1956 under the provisions of the Madras Electricity Undertakings (Acquisition) Act 1954 - vide P.W., G.O.Ms.No.2665, dated 12-6-1956. According to Section 6(3) of this Act, the Department will have to continue from 15-10-1956, the same rates and conditions as are now adopted by the licensee.

Change over to Jog supply was effected by the licensee in stages and complete change over will be effected soon. With the introduction of Hydro Electric supply to the area normally the existing tariffs would have to be modified and lower rates offered to the consumers by the licensee but the period for which the licensee will distribute Hydro Electric power will be very short and for this short peiod they are not likely to revise their tariffs. This Government also will be having control of the area only for a short period - from 15-10-1956 to 31-10-1956. In view of this and as the question of revision of tariff will take some time for examination, I suggest that it may be left to be decided by the Mysore Government after the merger of the area with Mysore on 1-11-1956.

The licensees are not levying any other surcharge except the oil surcharge and it is confined to power services (Industrial) alone. As this is based on the price of fuel oil supplied to them with the availing of bulk supply by the licensee, this surcharge will become automatically infructuous. Thus the rates as embodied in the booklet except the fuel surcharge will be in force at the time of vesting of the undertaking in Government. In the circumstances, I recommend continuance of the licensee's tariffs (with no fuel oil surcharge) and other terms and conditions of supply for the short period from 15-10-1956 till 31-12-1956. Usually in such cases the licensees rates are continued by the Department for about a year from the vesting date. In this case however this period is not suggested as the area goes to Mysore on 1-11-1956 and as Mysore may consider revision of tariffs even earlier than one year for the reason that the consumers have not been given any reduction in rates consequent on advent of Hydro Electric power to the area. Continuance of the existing rates till 31-12-1956 is suggested with a view to allow time for Mysore to examine and issue necessary orders. If Government however consider that a shorter period would be enough or that we need not issue orders for the period beyond 31-10-1956, approval may be given for the continuance of the tariffs and conditions of supply only upto 31-10-1956, leaving it to Mysore to decide on the tariffs for the period beyond that date. In any case the position may be reported to Government of Mysore if necessary so that they may take appropriate action in time.

For Chief Operation Engineer (South).

(C.No.4671-I/56).

p173 of 12

p1 of

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P.W.D.(I-

ELECY. - Mangalore Co. Elecl. Undertal
Continuance of licensee's rates after
vesting date - Approved.

Read:-

G.O. No. Ms.2665, P.W. d/12-6-1

Read also:-

From the C.O.E.(S), No.4672-E/55-
d/27-9-56.

G.O. No. Ms. 4256 d/ 11.10.56.

The Govt. approve the proposal of the C.O.E.(S) to continue from 15-10-56 i.e., the date on which the undertaking of the Mangalore Company Electric Licensee has been declared t vest in the Govt. under the provision of the Madras Elecy. Undertakings (Acquisition) Act, 1954, ~~or till the departmental conditions and tariffs are introduced which ever is earlier~~ the licensee's rates and conditions of supply, as are in force in the area of the Mangalore Company Elecl. Under-taking immediately before the vesting date, excluding the fuel oil surcharg for the supply of elecy. made by the Govt. Elecy. Dept. in the area of the undertaking after its acquisition by the Govt.

2. The continuance ~~approved in~~ of licensee's rates and conditions of supply approved in para.1 above shall be for a period of 6 months from 15-1 or till ~~the~~ revised regular departmental conditions a tariffs are introduced, whichever is earlier.

6.10.56

11.10.56

To the C.O.E.(S), p.t.o.

4

To:

The C.E.(E).

The C.E.I.G.

The A.G. THRO' Fin.

Copy to P.W.D.(P).

S.Cs-3.

[Orid to Mysore State]

(C.No.4671-I/56)

P.W.D.(I-3)

Sub:- ELECY. - Mangalore Co. Elecl. Undertaking - Acquisition of - Continuance of Licensee's rates after vesting date.

Ref:- From the C.O.E.(S), No.4672-E/55-2, dated 27-9-1956.

Please see the letter from the C.O.E.(S) at p.1 c.f. The Mangalore Co. Elecl. Undertaking is notified to vest in the Govt. on 15-10-1956 under the provisions of the Madras Elecy. Undertakings (Acquisition) Act, 1954.

2. Section 6(3) of the Acquisition Act of 1954 lays down that on the vesting date (i.e., the date on which the undertaking would be taken over by the Govt.), all the rights, liabilities and obligations of the licensee under any agreement to supply elecy. entered into before that date shall devolve on the Govt., provided that where any such agreement is not in conformity with the rates and conditions of supply approved by the Govt., and in force on the vesting date, the agreement shall be voidable at the option of the Govt. In accordance with this provision, the C.O.E.(S) has recommended that for the supply of elecy. to be made by the Elecy. Dept. in the area of the Mangalore Elecl. Undertaking after the vesting date, the same rates as are now in force in the said area (with no fuel oil surcharge) may be continued provisionally from 15-10-56 to 31-12-56. Usually the continuance of licensee's rates are made for a period of one year from the vesting date. But in this case a shorter period has been suggested by the C.O.E. in view of the fact that the area in question goes to Mysore on 1-11-56, that Mysore may consider revision of tariff even earlier than one year for the reason that consumers have not been given any reduction in rates consequent on the advent of Hydro Electric power to the area and that time for Mysore State to examine and

issue necessary orders should be allowed. The C.O.E. has however stated that if it is considered that a still shorter period would be enough or that we need not issue orders for the period beyond 31-10-56, approval may be given for the continuance of the Licensee's tariff and conditions of supply only upto 31-10-56 leaving it to Mysore to decide on the tariff for the period beyond that date.

It has been reported that with the introduction of Hydro Electric supply to the area of Mangalore Elecl. Undertaking by the Licensee, ~~the~~ normally the existing tariffs would have to be modified and lower rates offered to the consumers by the Licensee but the period for which the licensee will distribute Hydro Elecl. power would be very short and for this short period the Licensee is not likely to revise his tariffs.

It is submitted that it would not be possible for the Mysore Govt. as soon as the area of Mangalore Elecl. Undertaking is merged with that State to examine the question of revision of tariffs in time. Hence, the Licensee's rates and conditions of supply may be continued for a period of 6 months from 15-10-56 or till the departmental conditions and tariffs are introduced from Mysore State whichever is earlier.

The C.O.E.'s proposal is in accordance with the provisions of the Acquisition Act referred to at 'K' p.1 ante and the usual procedure followed in similar cases and it may be accepted subject to the modification suggested at 'A' above. The draft order submitted below is for approval. (No action seems called for with reg. to xx, p 1 ante)

Public (Electrical), Law & Finance may see for acceptance.

6.10.56

6/10/56

7/10.

DEPUTY SECRETARY TO GOVERNMENT 8 OCT 1956 FINANCE DEPARTMENT

No. Letter Separately.

6/10/56

P.W.D. No. 4671-J/56-1
6.10.56

Fin (LD)

The draft order below may be accepted.

9/10/56

9/10/56 P.W.

ASSISTANT SECRETARY TO GOVERNMENT
4793
10 OCT 1956
PUBLIC WORKS DEPARTMENT

Fin: 90194-E31/56

P.W.D (S3)

The draft order below may now issue.

10.10.56. 10/10/56

11/10/56

DS 11.10.56

[Issued as G.O.Ms. No. 4256 P.W. dt 11.10.56]

P3/4